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FOR IMMEDIATE RELEASE

State Treasurer Pleads Guilty to Filing a False Financial Disclosure, Agrees to Resign

(Phoenix, Ariz. – Oct. 25, 2006) Arizona State Treasurer David Petersen today pleaded guilty in Maricopa County Superior Court to one count of knowingly filing a false or incomplete financial disclosure statement.

Petersen will be sentenced within 30 days of today's hearing. He agreed to resign from office before or at the time of sentencing.

The Attorney General's complaint charges Petersen with failing to disclose 2005 income exceeding \$1,000 that he earned from selling character training materials. The complaint also charges him with not revealing his relationships with several non-profit corporations for which he held an office or a fiduciary position. These include the Arizona Communities of Character Council, Inc., Arizona Council on Economic Education and Area V Community Asset and Resource Enterprise Partnership.

The Attorney General's Office began investigating the Treasurer's office in February 2006 after employees raised questions about Petersen.

The State's investigation found no evidence that Petersen stole, fraudulently obtained, misused or wrongfully controlled public funds in the custody of the State Treasurer or invested by the State Treasurer's Office. A number of issues regarding Petersen's performance of his official duties and management of his office were outside the scope of the criminal investigation.

A copy of the Attorney General's memorandum supporting the plea agreement is attached.

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